



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
ROWAN COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 1998**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
ROWAN COUNTY OFFICIALS .....	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS.....	5
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES .....	8
NOTES TO FINANCIAL STATEMENTS .....	11
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE .....	18
SCHEDULE OF OPERATING REVENUE .....	20
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES .....	27
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	42
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	49
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	50
APPENDIX A: CERTIFICATION OF COMPLIANCE – LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS	



## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Clyde A. Thomas, County Judge/Executive  
Members of the Rowan County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Rowan County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Rowan County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Rowan County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Rowan County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Clyde A. Thomas, County Judge/Executive  
Members of the Rowan County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Rowan County, Kentucky, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The other information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 1999 on our consideration of Rowan County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 17, 1999

ROWAN COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Clyde A. Thomas	County Judge/Executive
Harvey Pennington	County Attorney
Jean W. Bailey	County Clerk
James Barker	Circuit Court Clerk
Jack Carter	Sheriff
Donald Hall	Jailer
C. J. Baker	Property Valuation Administrator
Dana Baldridge	County Treasurer
John P. Northcutt	Coroner
Paul Caskey	Magistrate
Nick Caudill	Magistrate
Bernard Lovely	Magistrate
Troy Perkins	Magistrate

STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

ROWAN COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 751,409
Road and Bridge Fund:	
Cash	43,914
Jail Fund:	
Cash	32,507
Jail Commissary Fund:	
Cash	37,082
Disaster and Emergency Services Fund:	
Cash	12,702
Forest Fund:	
Cash	58
Payroll and Occupational Tax Fund:	
Cash	391,102
Investments	419,298
Local Law Enforcement Block Grant Fund:	
Cash	6,246
County of Rowan Properties Corporation Fund:	
Courthouse Debt Reserve - Investments	170,066
Courthouse Bond Paying Account - Cash	13
Detention Facilities Debt Reserve	128,620
Detention Facilities Bond Paying Account	2,833
Bond Escrow Account - Investments	1,217,195
Payroll Revolving Account - Cash	1,050

Other Resources

Road and Bridge Fund:	
Amounts to be Provided in Future Years for Kentucky	
Association of Counties Leasing Trust Agreement Principal	1,269,000
County of Rowan Properties Corporation Fund:	
Amounts to be Provided in Future Years for Bond Principal Payments	2,625,468
Amounts to be Provided in Future Years for Bank Loan Principal Payments	58,964
	<hr/>
Total Assets and Other Resources	<u>\$ 7,167,527</u>

The accompanying notes are an integral part of the financial statements.

ROWAN COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 1998  
 (Continued)

Liabilities and Fund Balances

Liabilities

Road and Bridge Fund:

Kentucky Association of Counties Leasing Trust Agreement (Note 7)	\$ 1,269,000
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County of Rowan Properties Corporation Fund:

Courthouse Bond Principal Not Matured (Note 5)	582,000
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Detention Facilities Bond Principal Not Matured (Note 5)	2,345,000
--	-----------

Bank Loan (Note 4)	58,964
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Payroll Revolving Account	1,050
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Fund Balances

Reserved:

Jail Commissary Fund	37,082
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Disaster and Emergency Services Fund	12,702
--------------------------------------	--------

Forest Fund	58
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Payroll and Occupational Tax Fund	810,400
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Local Law Enforcement Block Grant Fund	6,246
--	-------

County of Rowan Properties Corporation Fund - Bond Escrow Account - Investments (Note 5C)	1,217,195
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Unreserved:

General Fund	751,409
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Road and Bridge Fund	43,914
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Jail Fund	32,507
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Total Liabilities and Fund Balances	\$ 7,167,527
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The accompanying notes are an integral part of the financial statements.



STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

ROWAN COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 4,883,324	\$ 913,480	\$ 1,258,172	\$ 602,984
Bond Proceeds	1,275,339			
Transfers In	2,678,279	1,443,159	705,023	207,000
Jail Commissary Fund Receipts	94,628			
Total Cash Receipts	<u>\$ 8,931,570</u>	<u>\$ 2,356,639</u>	<u>\$ 1,963,195</u>	<u>\$ 809,984</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 4,419,752	\$ 1,527,203	\$ 1,794,533	\$ 693,616
Schedule of County of Rowan Properties Corporation Fund Expenditures	20,437			
Transfers Out	2,678,279	752,174	1,390	111,532
Bonds:				
Principal Paid	286,835			
Interest Paid	122,454			
Borrowed Money Repaid	2,890			
Kentucky Association of Counties Leasing Trust - Principal	176,000		176,000	
Jail Commissary Fund Expenditures	86,506			
Total Cash Disbursements	<u>\$ 7,793,153</u>	<u>\$ 2,279,377</u>	<u>\$ 1,971,923</u>	<u>\$ 805,148</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 1,138,417	\$ 77,262	\$ (8,728)	\$ 4,836
Cash Balance - July 1, 1997*	<u>2,074,628</u>	<u>674,147</u>	<u>52,642</u>	<u>27,671</u>
Cash Balance - June 30, 1998*	<u>\$ 3,213,045</u>	<u>\$ 751,409</u>	<u>\$ 43,914</u>	<u>\$ 32,507</u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

ROWAN COUNTY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
Fiscal Year Ended June 30, 1998  
(Continued)

Jail Commissary Fund	Disaster and Emergency Services Fund	Community Development Block Grant Fund	Forest Fund	Payroll and Occupational Tax Fund	Local Law Enforcement Block Grant Fund
\$	\$ 28,949	\$ 286,746	\$ 955	\$ 1,726,918	\$ 203
	19,990		450		
94,628					
\$ 94,628	\$ 48,939	\$ 286,746	\$ 1,405	\$ 1,726,918	\$ 203
\$	\$ 45,991	\$ 286,746	\$ 1,604	\$ 70,059	\$
				1,807,998	5,185
86,506					
\$ 86,506	\$ 45,991	\$ 286,746	\$ 1,604	\$ 1,878,057	\$ 5,185
\$ 8,122	\$ 2,948	\$ 0	\$ (199)	\$ (151,139)	\$ (4,982)
28,960	9,754		257	961,539	11,228
\$ 37,082	\$ 12,702	\$ 0	\$ 58	\$ 810,400	\$ 6,246

The accompanying notes are an integral part of the financial statements.

ROWAN COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	County of Rowan Properties Corporation Fund
<u>Cash Receipts</u>	
Schedule of Operating Revenue	\$ 64,917
Bond Proceeds	1,275,339
Transfers In	302,657
Jail Commissary Fund Receipts	
Total Cash Receipts	<u>\$ 1,642,913</u>
<u>Cash Disbursements</u>	
Comparative Schedule of Final Budget and Budgeted Expenditures	\$
Schedule of County of Rowan Properties Corporation Fund Expenditures	20,437
Transfers Out	
Bonds:	
Principal Paid	286,835
Interest Paid	122,454
Borrowed Money Repaid	2,890
Kentucky Association of Counties Leasing Trust - Principal	
Jail Commissary Fund Expenditures	
Total Cash Disbursements	<u>\$ 432,616</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 1,210,297
Cash Balance - July 1, 1997*	<u>308,430</u>
Cash Balance - June 30, 1998*	<u><u>\$ 1,518,727</u></u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

ROWAN COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Rowan County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the County of Rowan Properties Corporation Fund and the Jail Commissary Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Rowan County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

ROWAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following is considered a related organization of Rowan County Fiscal Court: Rowan County Ambulance Board.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

ROWAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 3. Deposits and Investments

A. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The county met the requirements stated above, and as of June 30, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county's agent in the county's name.

B. Investments

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name.

<u>Types of Investments</u>	<u>Category 1</u>	<u>Carrying Amount</u>
U.S. Treasury Bills	<u>\$ 419,298</u>	<u>\$ 419,298</u>

Note 4. Short - Term Debt

The County of Rowan Properties Corporation Fund entered into a loan with TransFinancial Bank for the purchase of a building. The loan requires a monthly payment of \$561 for 180 months, to be paid in full April 21, 2011. The principal balance of the agreement was \$58,964 as of June 30, 1998. The County of Rowan Properties Corporation Fund has entered into a lease-purchase agreement for the building with Rowan County Fiscal Court and Rowan County Fiscal Court has subleased the building to DOVES of Gateway. The loan, lease-purchase, and sublease are under the same terms.

ROWAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 5. Long -Term Debt

Bonds outstanding of the County of Rowan Properties Corporation Fund are:

- A. On March 1, 1988, the County of Rowan Properties Corporation issued \$1,711,000 of revenue bonds for the purpose of courthouse renovation. The bonds require that two semiannual interest and principal payments be made on April 1 and October 1 of each year commencing October 1, 1998. The bonds will mature April 1, 2001. As of June 30, 1998 the principal amount outstanding is \$582,000. Bond payments for the remaining three years are:

Principal Maturity Dates

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1998-99	\$ 37,975	\$ 161,000
1999-00	26,495	173,000
2000-01	14,175	248,000
Totals	<u>\$ 78,645</u>	<u>\$ 582,000</u>

- B. On September 1, 1997, the County of Rowan Properties Corporation issued \$1,285,000 of revenue bonds for the purpose of defeasing the 1991 bond series issue. The 1991 bonds were originally issued to finance construction of the Rowan County Detention Center. The refunding bonds were dated September 1, 1997, with the requirement that two semiannual interest payments be made on March 1 and September 1 of each year commencing March 1, 1998. One principal payment will be due on March 1 of each year commencing March 1, 1998. The bonds will mature March 1, 2012. As of June 30, 1998, the principal amount outstanding is \$1,235,000. Bond payments for the next five years are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1998-99	\$ 61,626	\$ 65,000
1999-00	58,620	70,000
2000-01	55,154	70,000
2001-02	51,690	75,000
2002-03	47,978	75,000
through 2012	235,386	880,000
Totals	<u>\$ 510,454</u>	<u>\$ 1,235,000</u>

- C. The County of Rowan Public Properties Corporation issued the 1991 bond series for the purpose of financing construction of the Rowan County Detention Center. On September 1, 1997, refunding bonds were issued for the purpose of defeasing the 1991 bond series issue. As of June 30, 1998 the principal balance outstanding was \$1,110,000.



ROWAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 6. Lease-Purchase Agreements

Rowan County entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program for the purchase of voting machines and road equipment. The agreement requires variable monthly payments for 96 months to be paid in full January 20, 2000. The principal balance of the agreement was \$45,000 as of June 30, 1998.

Note 7. Kentucky Association of Counties Leasing Trust Agreements – Capital Leases

- A. Rowan County entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program for road improvements. The agreement requires variable monthly payments for 132 months to be paid in full January 30, 2003. The principal balance of the agreement was \$520,000 as of June 30, 1998.

Fiscal Year Ending June 30	Interest	Principal
1999	\$ 30,769	\$ 93,000
2000	24,689	98,000
2001	18,264	104,000
2002	11,482	109,000
2003	4,326	116,000

- B. Rowan County entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program for road improvements. The agreement requires variable monthly payments for 114 months to be paid in full January 30, 2005. The principal balance of the agreement was \$749,000 as of June 30, 1998.

Fiscal Year Ending June 30	Interest	Principal
1999	\$ 42,810	\$ 92,000
2000	37,142	97,000
2001	31,199	101,000
2002	23,890	107,000
2003	15,267	112,000

Note 8. Ambulance Service

Rowan County and the City of Morehead have engaged in a joint venture in order to lend support to the Rowan County Ambulance Service. The Ambulance Service is audited by an independent certified public accountant.

ROWAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 9. Insurance

For the fiscal year ended June 30, 1998, Rowan County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

ROWAN COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
General Fund	\$ 1,329,753	\$ 913,480	\$ (416,273)
Road and Bridge Fund	2,131,218	1,258,172	(873,046)
Jail Fund	888,343	602,984	(285,359)
Disaster and Emergency Services Fund	48,682	28,949	(19,733)
Community Development Block Grant Fund	848,351	286,746	(561,605)
Forest Fund	1,700	955	(745)
Payroll and Occupational Tax Fund	(214,313)	1,726,918	1,941,231
Local Law Enforcement Block Grant Fund		203	203
Total	<u>\$ 5,033,734</u>	<u>\$ 4,818,407</u>	<u>\$ (215,327)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 5,033,734
Add: Budgeted Prior Year Surplus			1,485,314
Less: Other Financing Uses			<u>(505,834)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 6,013,214</u>

SCHEDULE OF OPERATING REVENUE

ROWAN COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes</u> <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 303,004	\$ 302,049	\$	\$
Excess Fees	10,500	10,500		
County Clerk:				
Deed Transfer Tax	25,265	25,265		
Occupational Licenses	329	329		
Delinquent Taxes	8,762	8,762		
Excess Fees - 1997	50,000	50,000		
Tangible Personal Property Taxes:				
Other Counties	7,239	7,239		
County Clerk	54,642	54,642		
Occupational Employment Tax	1,690,949			
In Lieu of Taxes:				
U.S. Treasurer	55,197	55,197		
Totals	\$ 2,205,887	\$ 513,983	\$ 0	\$ 0
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 4,539	\$	\$	\$
Community Development Block				
Grants - Clearfield Creek				
Sewer Project	286,746			
F.E.M.A. - Reimbursement	193,480		193,480	
Community Watch Program	9,024	9,024		
National Forestry Receipts	48,274		48,274	
Clean Forest Project	400	400		
Totals	\$ 542,463	\$ 9,424	\$ 241,754	\$ 0

ROWAN COUNTY  
SCHEDULE OF OPERATING REVENUE  
Fiscal Year Ended June 30, 1998  
(Continued)

Disaster and Emergency Services Fund	Community Development Block Grant Fund	Forest Fund	Payroll and Occupational Tax Fund	Local Law Enforcement Block Grant Fund	County of Rowan Properties Corporation Fund
\$	\$	\$ 955	\$	\$	\$
			1,690,949		
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 955</u>	<u>\$ 1,690,949</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 4,539	\$	\$	\$	\$	\$
	286,746				
<u>\$ 4,539</u>	<u>\$ 286,746</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

ROWAN COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 65,099	\$	\$	\$ 65,099
Medical Allotments	5,308			5,308
DUI Service Fees	7,959			7,959
Housing State Prisoners	115,312			115,312
Class D Felons	275,527			275,527
County Road Aid	587,948		587,948	
Bridge Construction -				
Reimbursement	32,800		32,800	
Truck License Distribution	151,651		151,651	
Access Road Construction -				
Reimbursement	189,352		189,352	
Omitted Property	7,412	7,412		
Courthouse Rental - AOC	112,741	112,741		
Refunds:				
Legal Process Tax	156	156		
Drivers Licenses	1,817		1,817	
Dog Licenses	155	155		
Sheriff Bond Premium	101	101		
Board of Assessments	400	400		
Grants:				
Local Government Economic				
Development Fund	15,004	15,004		
Disaster and Emergency Services				
Reimbursement	30,500		30,500	
Disaster and Emergency				
Assistance Grant -				
Coordinator Salary	1,828			
Cabinet for Human Resources -				
Juvenile Housing Reimbursement	1,025			1,025
Totals	\$ 1,602,095	\$ 135,969	\$ 994,068	\$ 470,230



ROWAN COUNTY  
SCHEDULE OF OPERATING REVENUE  
Fiscal Year Ended June 30, 1998  
(Continued)

Disaster and Emergency Services Fund	Community Development Block Grant Fund	Forest Fund	Payroll and Occupational Tax Fund	Local Law Enforcement Block Grant Fund	County of Rowan Properties Corporation Fund
\$	\$	\$	\$	\$	\$
1,828					
<u>\$ 1,828</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

ROWAN COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 129,095	\$ 20,036	\$ 7,117	\$ 853
Circuit Court Clerk:				
Jail Cost	21,992			21,992
Work Release	7,992			7,992
Housing Prisoners:				
Other Counties	84,370			84,370
Jail:				
Telephone Commission Refunds	13,542			13,542
Medical Co-Pay Fee	548			548
Jailers Bond Acceptance Fees	2,120			2,120
Licenses and Permits:				
Sanitation Franchise	67,918	67,918		
Cable T.V. Franchise	30,212	30,212		
Home Incarceration Fees	930			930
Ambulance - City of Morehead	107,500	90,000		
Courthouse Rentals	39,579	39,579		
Miscellaneous Items	27,081	6,359	15,233	407
Totals	\$ 532,879	\$ 254,104	\$ 22,350	\$ 132,754
Total Operating Revenue	\$ 4,883,324	\$ 913,480	\$ 1,258,172	\$ 602,984

ROWAN COUNTY  
SCHEDULE OF OPERATING REVENUE  
Fiscal Year Ended June 30, 1998  
(Continued)

Disaster and Emergency Services Fund	Community Development Block Grant Fund	Forest Fund	Payroll and Occupational Tax Fund	Local Law Enforcement Block Grant Fund	County of Rowan Properties Corporation Fund
\$	\$	\$	\$ 35,969	\$ 203	\$ 64,917
17,500					
5,082					
\$ 22,582	\$ 0	\$ 0	\$ 35,969	\$ 203	\$ 64,917
\$ 28,949	\$ 286,746	\$ 955	\$ 1,726,918	\$ 203	\$ 64,917

COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

ROWAN COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries -			
County Judge/Executive	\$ 48,312	\$ 48,312	\$
Deputy County Judge/Executive	26,230	26,230	
Secretary	14,333	14,333	
Office Materials and Supplies	3,212	3,134	78
Office Equipment	3,482	3,463	19
Travel	1,900	1,393	507
Office of County Attorney:			
Salaries -			
County Attorney	14,895	14,895	
Assistant County Attorney	8,000	8,000	
Secretary	14,333	14,314	19
Office Supplies	2,605	2,277	328
Office Equipment	2,395	2,199	196
Office of County Clerk:			
Fiscal Court Clerk Salary	3,241	3,241	
Fees	7,100	6,885	215
Office of Sheriff:			
Deputy Salaries	36,069	33,495	2,574
Education Incentive	5,800	5,000	800
Federal Grants	14,730	9,024	5,706
Office Operations	17,000	17,000	
Bond	2,500	1,012	1,488
Vehicle Repair	1,100	1,100	
Computer Equipment	7,000	6,967	33
Office of County Coroner:			
Salaries -			
County Coroner	13,726	13,726	
Deputy Coroner	4,816	4,816	
Telephone	1,000	661	339
Travel	1,000	617	383

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Fiscal Court:			
Magistrates -			
Salaries	\$ 42,708	\$ 42,708	\$
Expense Allowance	11,000	9,188	1,812
Ethics Commission Expense	3,000		3,000
Office of Property Valuation Administrator:			
Statutory Contribution	23,000	22,458	542
Office of Board of Assessment Appeals:			
Per Diem	800	800	
Office of County Treasurer:			
Salaries-			
County Treasurer	24,394	24,394	
Secretaries	20,979	18,431	2,548
Bond	3,010	3,010	
Advertising	6,500	5,738	762
Office Materials and Supplies	1,690	1,633	57
Office Equipment	20,000	19,858	142
Travel	1,000	334	666
County Law Library:			
Law Librarian Salary	1,200	1,200	
Elections:			
Per Diem -			
Election Commissioners	1,950	1,950	
Election Officers	9,357	9,357	
Custodial Personnel	693	300	393
Supplies and Materials	38,240	34,387	3,853
Voting Machines	14,000	11,640	2,360

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Economic Development:			
Local Government Economic Development Fund Grant	\$ 75,000	\$ 15,004	\$ 59,996
Matching Share - Morehead/Rowan County Economic Development Council	120,000	120,000	
East Kentucky Development Corporation	2,998	2,693	305
Courthouse:			
Custodial Personnel	18,648	18,648	
Janitorial Personnel	20,000	19,800	200
Work Release Food	1,500	1,374	126
Uniforms	350	331	19
Supplies	8,877	5,484	3,393
Printing	5,500	4,794	706
Renewals and Repairs	80,000	23,193	56,807
Travel	1,000		1,000
Utilities	34,000	22,326	11,674
Other County Properties:			
Telephones	21,500	20,861	639
Utilities	6,000	5,415	585
Buildings	12,000	4,852	7,148
County Fire Department:			
Contributions	81,250	81,250	
<u>Protection to Persons and Property</u>			
Ambulance Service:			
Program Support	102,000	102,000	
Program Support - City	90,000	90,000	
Drug Enforcement:			
Narcotics Enforcement Unit	5,611	5,610	1

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> <u>(Continued)</u>			
Office of Public Defender:			
Public Advocacy Program	\$ 7,000	\$ 3,520	\$ 3,480
<u>General Health and Sanitation:</u>			
Dog Control:			
Dog Warden Salary	20,034	20,034	
Shelter Operations	6,600	6,600	
Animal Food and Supplies	3,000	2,549	451
Dog Tag Fees	500	115	385
Gasoline	1,326	724	602
Medical Procedures	2,000	1,445	555
Solid Waste Collection:			
Coordinator	21,092	21,091	1
Dump and Litter Cleanup	4,067	647	3,420
Work Release Food	4,350	4,174	176
Office Supplies	1,000	686	314
Gasoline	2,550	2,244	306
Contributions	4,000	4,000	
Travel	1,450	1,153	297
Equipment	1,002	1,002	
Recycling Project:			
Program Support	9,018	9,018	
Soil and Water Conservation:			
Program Support	20,000	20,000	
Flood Control Projects:			
Engineering Projects	15,049	13,243	1,806
<u>Social Services</u>			
Service to Indigents:			
Pauper Burials	7,000	2,137	4,863
Gateway Homeless Coalition	4,000	4,000	
General Welfare	4,000	4,000	



ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Social Services (Continued)</u>			
Senior Citizens Program:			
Wellness Program	\$ 1,800	\$ 902	\$ 898
Olympics	3,000	630	2,370
Public Advocate Program:			
DOVES of Gateway	4,000		4,000
Other Social Service Programs:			
Special Jobs Program	5,000	5,000	
Mentoring Program	5,000		5,000
<u>Recreation and Culture</u>			
Recreation Programs:			
Recreation Contingency	10,000	10,000	
Cooperative Extension Service:			
Salaries -			
4-H Agent	16,200	16,200	
Staff Assistant	20,087	20,087	
Travel -			
Extension Agent	2,669	2,669	
4-H Agent	2,050	1,950	100
Home Economics Agent	2,031	1,931	100
Office Supplies	5,964	5,963	1
Professional Improvement -			
4-H Agent	602	602	
Home Economics Agent	600	588	12
Office Equipment	2,522	2,455	67
Celebrations, Festivals, and Cultural Programs:			
Contributions	12,000	12,000	

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Airport</u>			
Airport Operations and Maintenance:			
Rowan County Air Board	\$ 24,000	\$ 24,000	\$
Airport Contingency	200,000	15,780	184,220
<u>Bus Service</u>			
Mass Transit:			
Senior Citizens Assistance	7,200	7,200	
<u>Administration:</u>			
General Services:			
Audit Services	22,000	16,176	5,824
Random Drug Testing	1,000	110	890
Insurance - Errors and Omissions	36,050	31,608	4,442
Travel	3,928	3,928	
Memberships -			
ADD	3,816	3,816	
Payments to Governmental Agencies	29,261	29,261	
Miscellaneous	1,000	631	369
Contingent Appropriations:			
Reserve for Budget Transfers	13,423		13,423
Fringe Benefits:			
County Contributions -			
Social Security	49,200	48,098	1,102
Retirement	73,950	70,425	3,525
Health Insurance	50,010	49,650	360
Worker's Compensation	26,006	26,006	
Unemployment Insurance	11,749	4,040	7,709
Total Operating Budget	\$ 1,949,690	\$ 1,527,203	\$ 422,487
Other Financing Uses:			
* Transfers to County of Rowan			
Properties Corporation Fund	205,377	191,124	14,253
Total General Fund	\$ 2,155,067	\$ 1,718,327	\$ 436,740

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>Roads</u>			
Road Maintenance:			
Salaries-			
Road Foreman	\$ 26,894	\$ 26,419	\$ 475
Road Workers	271,955	268,754	3,201
Contracted Services	23,227	22,919	308
Communications Support	7,447	7,447	
Rental Equipment	8,176	7,897	279
Asphalt Resurface	210,028	210,028	
Asphalt Initial Treatment	147,785	147,785	
Blacktop Maintenance Patching	60,122	60,122	
Road Material Concrete	128,455	89,801	38,654
Bridge Project	50,589		50,589
Gravel	292,807	281,340	11,467
Shoulder Material Blacktop	67,080	67,080	
Work Release Food	760	760	
Garage Supplies	4,000	3,497	503
Guardrails and Posts	2,827	21	2,806
Office Supplies	1,000	660	340
Materials	4,500	3,461	1,039
Petroleum Products	36,000	35,866	134
Pipe	52,667	52,667	
Signs	8,000	4,379	3,621
Salt	6,684	6,684	
Tires	12,000	8,520	3,480
Uniforms	4,050	3,781	269
Lumber	1,000	175	825
Special Projects	122,400	122,400	
Training	1,000		1,000
Equipment Repairs	83,004	72,478	10,526
Communication Equipment	1,786	1,786	
Highway Equipment	53,520	53,520	

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Debt Service</u>			
Lease-Purchase Agreements:			
Highway Equipment	\$ 11,428	\$ 11,428	\$
Interest	71,022	71,022	
<u>Administration</u>			
General Services:			
Random Drug Testing	1,500	370	1,130
Insurance - Errors and Omissions	30,128	30,128	
National Forest Receipts	26,500	24,137	2,363
Payments to Governmental Agencies	1,865		1,865
Miscellaneous	1,000	954	46
Contingent Appropriations:			
Reserve for Budget Transfers	21,853		21,853
Fringe Benefits:			
County Contributions-			
Retirement	20,900	20,101	799
Social Security	24,045	21,692	2,353
Health Insurance	25,685	24,925	760
Worker's Compensation	26,007	26,007	
Unemployment Insurance	3,522	3,522	
Total Operating Budget	\$ 1,955,218	\$ 1,794,533	\$ 160,685
Other Financing Uses:			
** Kentucky Association of Counties			
Leasing Trust - Principal	176,000	176,000	
Total Road and Bridge Fund	\$ 2,131,218	\$ 1,970,533	\$ 160,685

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 48,313	\$ 48,313	\$
Supervisory Deputies	67,296	65,547	1,749
Non-Supervisory Deputies	137,698	133,555	4,143
Jailer Assistant	26,397	26,021	376
Office Staff	19,432	19,110	322
Medical Personnel	2,228	2,135	93
Secretaries	2,584	2,584	
Food Service Personnel	25,023	19,959	5,064
Maintenance Staff	19,832	19,630	202
Overtime Pay	2,186		
Part-Time Deputies	36,728	34,865	1,863
Transport Assistant	1,600	510	1,090
Contracts with Governmental Agencies	24,394	20,801	3,593
Operations-			
Pest Control	420	420	
Contracted Services	18,000	14,555	3,445
Custodial Supplies	14,000	13,139	861
Food Preparation and Serving Supplies	1,000	665	335
Food	70,000	68,174	1,826
Jail Linens	2,213	2,213	
Office Supplies	3,800	3,223	577
Prisoner Hygiene	3,000	2,732	268
Prisoner Clothing	1,200	1,017	183
Staff Uniforms	4,000	1,109	2,891
Routine Medical	37,000	35,427	1,573
Telephone	3,100	2,167	933
Utilities	31,500	31,304	196
Equipment -			
Communication	2,000	1,968	32
Food Service	500	291	209
Plant Operations	4,250	4,130	120

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Protection to Persons and Property (Continued)</u>			
Office of Jailer: (Continued)			
Maintenance and Repair Services -			
Building Repairs	\$ 6,000	\$ 3,687	\$ 2,313
Equipment Repairs	5,500	3,075	2,425
Juvenile Detention:			
Contracts With Governmental Agencies	15,606	15,506	100
Housing Juveniles	7,000	540	6,460
<u>Administration</u>			
General Services:			
Memberships	400	400	
Staff Training	3,965	3,965	
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	20,000		20,000
Fringe Benefits:			
County Contributions-			
Retirement	30,600	29,960	640
Social Security	28,400	26,996	1,404
Health Insurance	41,721	33,923	7,798
Total Operating Budget	\$ 768,886	\$ 693,616	\$ 75,270
Other Financing Uses:			
* Transfers to County of Rowan Properties Corporation Fund	124,457	111,532	12,925
Total Jail Fund	\$ 893,343	\$ 805,148	\$ 88,195

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>DISASTER AND EMERGENCY</u>			
<u>SERVICES FUND</u>			
Supervisor/Director Salary	\$ 10,000	\$ 10,000	\$
Vehicles	1,329	1,329	
Petroleum Products	2,917	2,917	
Office Supplies	9,841	7,434	2,407
Insurance - Errors and Omissions	6,474	6,474	
Training Expenses	2,328	2,298	30
Maintenance and Repairs	80	80	
Telephones	2,020	2,010	10
Utilities	2,395	2,183	212
Building Maintenance and Repairs	1,585	1,585	
Vehicle Supplies	8,168	8,168	
County Contribution - Social Security	766	765	1
Miscellaneous	779	748	31
Total Disaster and Emergency Services Fund	<u>\$ 48,682</u>	<u>\$ 45,991</u>	<u>\$ 2,691</u>
<u>COMMUNITY DEVELOPMENT</u>			
<u>BLOCK GRANT FUND</u>			
Clearfield Creek Sewer Extension Project:			
Sewer Construction	\$ 523,842	\$ 268,808	\$ 255,034
Engineering Services	61,953		61,953
Low Income Service Lines	144,400		144,400
Right of Way Acquisition Costs	78,256	8,938	69,318
Planning and Administration	29,900	9,000	20,900
Contingency	10,000		10,000
Total Community Development Block Grant Fund	<u>\$ 848,351</u>	<u>\$ 286,746</u>	<u>\$ 561,605</u>
<u>FOREST FUND</u>			
Forest Fire Protection	<u>\$ 1,700</u>	<u>\$ 1,604</u>	<u>\$ 96</u>

ROWAN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>PAYROLL AND OCCUPATIONAL TAX FUND</u>			
Office of County Finance Director:			
Accounting Services	\$ 22,368	\$ 22,368	\$
Office Supplies	4,414	4,308	106
Refunds	28,495	28,495	
Courthouse Bond Reserve	370,522		370,522
City of Morehead	14,888	14,888	
Total Payroll and Occupational Tax Fund	<u>\$ 440,687</u>	<u>\$ 70,059</u>	<u>\$ 370,628</u>
Total Operating Budget - All Funds	\$ 6,013,214	\$ 4,419,752	\$ 1,593,462
Other Financing Uses:			
* Transfers to County of Rowan Properties Corporation Fund	329,834	302,656	27,178
** Kentucky Association of Counties Leasing Trust - Principal	176,000	176,000	
TOTAL BUDGET - ALL FUNDS	<u>\$ 6,519,048</u>	<u>\$ 4,898,408</u>	<u>\$ 1,620,640</u>



SCHEDULE OF COUNTY OF ROWAN PROPERTIES  
CORPORATION FUND EXPENDITURES

ROWAN COUNTY  
SCHEDULE OF COUNTY OF ROWAN PROPERTIES  
CORPORATION FUND EXPENDITURES

Fiscal Year Ended June 30, 1998

<u>Expenditure Items</u>	<u>Amount</u>
Loan Interest	\$ 3,837
Financial Advisory Fee	8,100
Bond Counsel Fee	3,500
Escrow Agent Fee	1,000
Transfer Agent Fee	3,000
Trustee Fee	<u>1,000</u>
Total	<u><u>\$ 20,437</u></u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Clyde A. Thomas, County Judge/ Executive  
Members of the Rowan County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An  
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Rowan County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated June 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Rowan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rowan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 17, 1999

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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Clyde A. Thomas, County Judge/Executive  
Members of the Rowan County Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program  
And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Rowan County, Kentucky, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. Rowan County's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Rowan County's management. Our responsibility is to express an opinion on Rowan County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rowan County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Rowan County's compliance with those requirements.

In our opinion, Rowan County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Honorable Clyde A. Thomas, County Judge/Executive  
Members of the Rowan County Fiscal Court  
Report On Compliance With Requirements Applicable To Each Major Program  
And Internal Control Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance

The management of Rowan County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Rowan County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

Edward B. Hatchett  
Auditor of Public Accounts

Audit fieldwork completed –  
June 17, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



ROWAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Rowan County.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Rowan County were disclosed during the audit.
4. No reportable condition disclosed during the audit of the major federal awards programs is reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award programs for Rowan County expresses an unqualified opinion.
6. There are not audit findings relative to the major federal awards programs for Rowan County reported in Part C of this schedule.
7. The program tested as major program was: Community Development Block Grant – Clearfield Creek Sewer.
8. The threshold for distinguishing Type A and B programs was \$ 300,000.
9. Rowan County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCE

None.

PRIOR YEAR FINDINGS

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM  
AUDIT

None.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ROWAN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Cash Programs</u>		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department of Local Government:		
Community Development Block Grant-Clearfield Creek Sewer Extension (CFDA #14.228)(Note 3)	B-95-DC-21-0001(023)	\$ 286,746
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet:		
Local Law Enforcement Block Grant (CFDA #16.596)	96-LB-VX-1145	\$ 5,185
Community Watch Program (CFDA #16.579)	5341-N4-1/96	2,209
Community Watch Program (CFDA #16.579)	5531-N4-2/95	6,815
Total Bureau of Justice		\$ 14,209
<u>U.S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grants-		
Coordinator Salary (CFDA #83.503)	Not Available	\$ 4,126
Equipment (CFDA #83.503)	Not Available	413
Severe Weather 03/97 (CFDA #83.516)	FEMA-1163-DR-KY	161,706
Severe Weather 02/98 (CFDA #83.516)	FEMA-1207-DR-KY	53,266
Total U.S. Federal Emergency Management Agency		\$ 219,511
Total Cash Expenditures of Federal Awards		\$ 520,466

See Notes to the Schedule of Expenditures of Federal Awards.

ROWAN COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Note 1 - Basis of Presentation

This schedule is presented on a cash basis.

Note 2- The federal expenditures for Community Development Block Grant consist of grants to subrecipients as follows:

<u>Subrecipient</u>	<u>Number</u>	<u>Pass-through Grant Amount</u>
Morehead Utility Plant Board	14.228	\$ 286,746

Note 3. Community Development Block Grant

The Rowan County Fiscal Court entered into a subrecipient agreement with the Morehead Utility Plant Board for the Community Development Block Grant – Clearfield Creek Sewer Extension Project. These funds were used to assist in the construction of sewer lines. The Morehead Utility Plant Board is audited by Faulkner and King, PSC.

CERTIFICATION OF COMPLIANCE – LOCAL  
GOVERNMENT ECONOMIC DEVELOPMENT PROGRAMS

ROWAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS  
ROWAN COUNTY FISCAL COURT

The Rowan County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Name  
County Judge/Executive

  
\_\_\_\_\_  
Name  
County Treasurer